

DC Retirement Board External Audit Services RFP Questions

1. What is causing you to look for a new auditor? Are your current auditors being included in the RFP process?

The contract with the current audit firm expires during this fiscal year (September 30, 2013).

The current audit firm is aware of the request for proposals.

2. Have there been or do you expect any significant changes in Plan(s) (terminations, plan participants, plan investments etc.)?

No, we do not expect any significant changes to the Plan demographics. However, any significant changes to the Plan investments will be predicated upon market activity and risk/return tolerances.

3. Where the records that will be audited are kept? Is payroll/census data centralized? Are you able to provide electronic versions of census, payroll, distributions, investment activity from which we can pull our samples?

Financial data is maintained by DCRB. Active member census data is maintained by the various employers (e.g., DC Public Schools, Metropolitan Police Department, Fire and Emergency Medical Services Department). Retired member census data is maintained by the U.S. Department of the Treasury. Investment data is received electronically from State Street Bank & Trust Company, the custodian of record..

Yes, electronic versions can be provided, when available.

4. Have there historically been any obstacles to your proposed timeline for completing the audits?

No, historically there have not been any obstacles to our proposed timeline for completing the audit, although sufficient time must be devoted to valuation lags and management analysis of the effects of lags on the reported balances at year-end of alternative investments

5. Have there been any challenges with obtaining information to verify the valuation of alternative investments held by the plan (ie. Private equity, real estate?) Are audited financial statements, appraisals and/or other documentation readily available?

There have not been unusual challenges, but timing issues within this industry are not uncommon.

6. Have you provided standard client prepared schedules in the past or relied primarily on the information provided by the 3rd party providers? If so, have you had any service provider changes during the prior or current plan year or are you anticipating any that could impact your auditor's ability to receive information needed to complete the audit?

In the past, standard client prepared schedules have been provided by DCRB and State Street Bank.

There have not been any service provider changes during the prior or current plan year, and there are no changes anticipated that could impact the audit firm's ability to receive the information needed to complete the audit.

7. Have there been any significant changes to the service providers used by the for the Plan (actuary, custodian)? Are there any on-staff actuaries employed by the DCRB or are all actuarial services outsourced to Cavanaugh Macdonald Consulting?

No, there have not been any significant changes to the service providers (e.g., actuary, custodian).

All actuarial services are outsourced to DCRB's independent actuary, Cavanaugh Macdonald.

8. Is there any litigation, prohibited transactions, or investigations involving the Plan?

For information regarding litigation, prohibited transactions, or investigation involving the Plan, please see the Notes to Financial Statements within the Financial Section of DCRB's fiscal year 2012 Comprehensive Annual Financial Report, which is available at:

<http://dcrb.dc.gov/sites/default/files/dc/sites/dcrb/publication/attachments/FY%202012%20DCRB%20CAFR.pdf>

Also, pursuant to DC Code 1-741(h), the following PTEs have been adopted by the District of Columbia Retirement Board:

<i>PTE 75-1</i>	<i>Broker-Dealers</i>
<i>PTE 86-128</i>	<i>Broker Dealers</i>
<i>PTE 80-51</i>	<i>Bank Collective Investment Funds</i>
<i>PTE 81-6</i>	<i>Securities Lending</i>
<i>PTE 82-63</i>	<i>Securities Lending</i>
<i>PTE 81-8</i>	<i>Short-Term Investments</i>
<i>PTE 84-14</i>	<i>Qualified Professional Asset Managers</i>
<i>PTE 2002-12</i>	<i>Cross-Trades of Securities by Index and Model-Driven Funds</i>
<i>PTE 2002-30</i>	<i>Use of Platform by Owner Lending Agent/Sale of EquiLend Products to Plans Represented by Owner Lending Agent</i>

9. Why is the provision of auditing services for the DCRB going to bid?

The contract with the current audit firm expires during this fiscal year (September 30, 2013).

10. What were the total fees, hours, and number of personnel incurred on the DCRB audit in prior years?

DCRB does not intend to disclose the fees and is not aware of the hours incurred on DCRB's audit.

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However, the audit firm assigned a team of 3 auditors plus one partner to work on-site.

- 11.** When do the interim audit procedures and year-end audit procedures typically start for the fiscal year end September 30 audits?

Typically, the interim audit procedures begin in June and the year-end procedures occur in November. The audit report is submitted to the District Government by the end of December and presented to the Board of Trustees at the beginning of the calendar year.

- 12.** What level of assistance can we expect from the DCRB staff? Will they assist with the following:

- a) Prepare the financial statement and related notes
- b) Prepare and record all journal entries
- c) Prepare audit confirmation requests
- d) Prepare account reconciliation schedules as requested
- e) Provide all the documents and access to the information needed to perform our audit procedures

DCRB staff will assist with all items mentioned above.

- 13.** Apart from the annual fiscal report, were other reports relating to financial statements, internal controls, accounting and accounting systems of the DCRB issued to the Board of Trustees in prior years?

No reports beyond the standard required reporting were issued to the Board of Trustees in prior years.

- 14.** Can we obtain any management reports (including audit findings/recommendations affecting the DCRB's financial statements, internal controls, accounting and accounting systems) for the past three years, if applicable?

DCRB's management reports (including audit findings/recommendations affecting the DCRB's financial statements, internal controls, accounting and accounting systems) are available on our website at <http://dcrb.dc.gov/service/dcrb-publications-and-reports>

- 15.** Does the DCRB use any external services providers? If so, who are the services providers and do you receive SSAE16/SOC1 (formerly SAS 70) reports from any of these services providers?

DCRB's assets are externally managed. The current list of investment managers can be found on our website at:

<http://dcrb.dc.gov/sites/default/files/dc/sites/dcrb/publication/attachments/FY%202012%20DCRB%20CAFR.pdf>

In addition to State Street Bank, DCRB receives SSAE16 reports from several of these investment managers.

16. Does the DCRB use the services of specialist to value its investments? Who is responsible for valuing the Funds' investments?

State Street Bank, as custodian of DCRB's assets, values the public securities held in separate accounts of public market managers using comprehensive pricing services, such as Thomas Reuters, FT Interactive Data, Bloomberg and JP Morgan Pricing Direct. Securities held in commingled fund vehicles are valued by the investment portfolio managers as of the close of trading on the valuation date or some other method deemed to represent fair value. Private securities managers perform periodic internal valuations and external appraisals are completed from time to time.